

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

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SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 /114 W

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8902

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMCONSUL SALVADOR

AMCONSUL PORTO ALEGRE

UNCLAS BRASILIA 9843

E. O. 11652: N/A

TAGS: ENRG, BR

SUBJ: FIRST BRAZILIAN PETROCHEMICAL CONFERENCE, RIO DE JANEIRO
NOVEMBER 1976

REF: BRASILIA A-111, 17 NOVEMBER 1976

FOLLOWING TELEGRAM PREPARED BY ACONGEN RIO DE JANEIRO

1. PETROBRAS QUIMICA S.A. (PETROQUISA) SPONSORED A CONGRESS OF PETROCHEMICAL INDUSTRY IN RIO DE JANEIRO IN NOV. 1976 WHICH PRODUCED INTERESTING EXCHANGE OF VIEWS AND BROUGHT DOW CHEMICAL (ONE OF LARGEST FOREIGN INVESTORS IN BRAZIL) TO HEADLINES. THE CONFERENCE WAS ADDRESSED BY SEVERO GOMES, MINISTER OF INDUSTRY AND COMMERCE. TWO ISSUES OF INTEREST THAT WERE DISCUSSED IN ADDITION TO TECHNICAL MATTERS WERE TRANSFER OF TECHNOLOGY AND ROLE OF FOREIGN INVESTMENT IN BRAZILIAN PETROCHEMICAL SECTOR.

2. PRESS COVERAGE INCLUDED THE COMMENTS OF DOW CHEMICAL EXECUTIVES WHICH INCLUDED A LITANY OF 5 MAJOR COMPLAINTS ABOUT THE BRAZILIAN
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CHEMICAL INDUSTRY. IN SIMPLIFIED FORM, THESE WERE: 1) CHRONIC

SCARCITY OF THERMOPLASTICS; 2) CREDIT LIMITATIONS; 3) IMPORT RESTRICTIONS; 4) PRICE INFLEXIBILITY;T AND 5) HIGH COST (INCLUDING INDIRECT COSTS) OF LABOR. BUT DOW POINTED OUT THAT IT IS STILL INVESTING IN ENOURMOUS BRAZILIAN MARKET

3. CONFERENCE PARTICIPATNS DISCUSSED OWNERSHIP OF FIRMS IN THE SECTOR BUT SEEM TO HAVE ARRIVED AT CONSENSUS BASED ON REAFFIRMATION OF EXISTING GOB POLICY (SEE REFAIR FOR DISCUSSION OF MULTINATIONAL-GOVERNMENT-BRAZILIAN PRIVATE SECTOR SYSTEM).

4. TRANSFER OF TECHNOLOGY ISSUES WERE ALSO MUCH DISCUSSED. NO NEWS ISSUES WERE RAISED BUT THE CONFERENCE PROVIDED A FORUM FOR INNORMED DISCUSSION OF THE MERITS OF BRAZIL'S TRANSFER OF TECHNOLOGY POLICY. THIS POLICY AS EXPRESSED IN NORMATIVE ACT 15 OF NATIONAL INSTITUTE OF INDUSTRIAL PROPERTY(INPI) HAS COME UNDER FIRE FROM SOME BRAZILIAN AND FOREIGN FIRMS FOR RELATIVELY SMALL ROYALTIES IT PERMITS AND VARIOUS OTHER CONDITIONS IT SPECIFIES. THE MINISTRY OF INDUSTRY AND COMMERCE APPARENTLY IS QUITE SATISFIED WITH THE WAY NORMATIVE ACT 15 FUNCTIONS AND IS UNLIKELY TO CHANGE THE REGULATION.

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